UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/CP/LEB/3
2 December 1992

ORIGINAL: ENGLISH

Special session
16-19 February 1993, New York
Item 5 (a) of the provisional agenda

PROGRAMME PLANNING AND IMPLEMENTATION

Country programmes and projects

THIRD COUNTRY PROGRAMME FOR LEBANON

Programme period	Resources	$
1992-1996	Net IPF	19 010 000
	Other resources	5 000 000
	TOTAL	24 010 000

CONTENTS

		Paragraphs	Page
I.	DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES	1 - 16	2
	A. Current socio-economic situation	1 - 9	2
	B. National development objectives and strategies ...	10 - 16	3
II.	EXTERNAL COOPERATION	17 - 23	5
	A. Role of external cooperation	17 - 20	5
	B. Aid coordination arrangements	21 - 23	6
III.	THE COUNTRY PROGRAMME	24 - 69	6
	A. Assessment of ongoing country programme	24 - 26	6
	B. Proposals for UNDP cooperation	27 - 60	7
	C. Cooperation outside main country programme areas .	61	16
	D. Implementation and management arrangements	62 - 69	16

Annexes

I.	Financial summary	18
II.	Programme matrix	20

92-76772 (E) 070193

120193

/...

I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. Lebanon is a middle-income country with an estimated population of about 3.4 million and an annual population growth rate of 2 per cent. About 65 per cent of the total population is concentrated in eight principal urban areas. Lebanon's 1992 human development index ranking is 89th out of 160 countries while 1990 gross domestic product (GDP) per capita was estimated to be $825.

2. Lebanon is a small but economically diversified country. It has traditionally been a haven for Arab capital and has acted as an open route for trade. Before the onset of hostilities in 1975, Lebanon had enjoyed a long period of rapid economic growth and financial stability. Real GDP growth averaged 6 per cent per annum during the 1965-1975 period with per capita GDP reaching $2,250 in 1974. From that time and until October 1990 - 16 years - Lebanon suffered from instability and violent conflict resulting in several waves of destruction, tremendous loss of human resources, reduction of productive capacity, deterioration of its capital stock, and fragmentation and weakening of central authority.

3. The last two years of the civil conflict were devastating and widespread emigration of skilled Lebanese became more acute. By 1990, almost 750,000 people were displaced, causing immense social, human and economic suffering. Access to public education and health services was severely restricted in remote areas, particularly affecting disadvantaged and vulnerable groups and compounding the problem of regional imbalances.

4. Lack of tax revenue and growing government expenditure on public services resulted in a rapidly growing budget deficit. As a result of such fiscal imbalances, inflation increased rapidly and with a wide-scale conversion of Lebanese pound savings into foreign exchange. However, after the end of fighting in October 1990 until late 1991, Lebanon witnessed an economic revival led by a dynamic private sector and supported by an active monetary stabilization policy. This followed the conclusion of the Taef Accord in October 1989, and subsequent political reconciliation and spread of government authority to most of the country. As a result of the improved political situation, the country's economy made an impressive recovery in 1991 despite the considerable losses Lebanon suffered as a result of the Gulf crisis.

5. However, the economic situation has not been as positive in 1992. Strong social pressure to meet basic needs of the population and failure to maintain rigorous management of public finances have adversely affected the country's stabilization policy and led to renewed inflation and a sharp depreciation of the Lebanese pound during the first nine months of 1992; by October 1992, the value of the Lebanese pound had fallen to LL 2,720 to $1 from a January 1992 level of LL 879 to $1.

6. The war years did not bring about a major structural change of the economy, although there has been a modest shift away from services towards industry and agriculture. In terms of sectoral shares of the GDP, trade continues to rank first (28 per cent), followed by manufacturing (20.5 per cent) and agriculture (10.5 per cent). Trade and financial services, the latter beset by liquidity and solvency problems in recent years, continue to dominate the services sector; tourism has been drastically reduced.

7. Overall, the Lebanese economy has shown remarkable resilience and strong recovery during periods of relative peace and upon initial implementation of the Taef agreement. The flexible response reflects free-market pricing and, in recent years, improved external competitiveness of industry and agriculture. Evidence confirms that the basis of the economy, traditionally led by the private sector with the public sector providing basic infrastructure and services, is sound yet can be strengthened through policy development and the establishment of an appropriate regulatory framework.

8. In terms of social indicators, while there appears to be potential for long-term gradual improvement, current levels of access to basic social services in rural areas are still low. There are particular disparities between men and women. Although current data are scarce and uneven, 1990 figures show that female adult literacy was estimated at 83 per cent of that of males. National infant mortality was 20 per thousand live births, whereas in rural areas the number was 40. About 70 per cent of the population had access to safe water.

9. While war is no longer the main constraint to economic and social development, Lebanon still faces major problems. Apart from the need to build confidence, it is clear that more progress must be made to meet urgent infrastructural and human needs. Efforts in this area, however, have been hampered by the sizeable public debt. In order to reduce public deficits, priority must be placed on improving fiscal administration and increasing revenue collection without affecting economic productivity and reducing government spending, especially through streamlining the civil service.

B. National development objectives and strategies

10. The Government faces a most extraordinary task in planning, financing and executing a comprehensive programme of reconstruction of the country's infrastructure. It also faces the delicate task of reintegrating the displaced population - an estimated 750,000 - into their places of origin, creating conditions conducive for mobilizing the return of Lebanese resources now abroad and developing the outlying, underserved regions of the country.

11. These national priorities will prove difficult to achieve as the country's management and operational capacity has been decimated by the war. The unsustainably high fiscal deficit and internal short-term debt accumulation currently afflicting the economy, as well as the devastated

public administration, where over 60 per cent of higher level of civil service posts are vacant, will all need to be urgently addressed if national priorities are to be met.

12. Government efforts have focused on the development of a phased recovery approach aimed at restoring the capacity of existing facilities and rehabilitating institutions; in a subsequent recovery period, capacity expansion will take place through construction of new facilities while economic and social distortions induced by the war will be progressively addressed. During the final phase of development, Lebanon will have regained the ability to develop and modernize its economy largely through maximization of its domestic potential. The whole process of reconstruction is estimated to require $20 to 30 billion over a period of 12 to 15 years.

13. Planning for the first phase of rehabilitation began in December 1991 with the finalization of a three-year priority rehabilitation programme, the success of which depends on fiscal reform and enhanced revenue generation, control of public expenditures and institutional rehabilitation.

14. The immediate objective of the rehabilitation programme is to rehabilitate and rebuild the physical infrastructure - essential to enable the private sector to lead economic recovery. The programme intends to achieve other important objectives, including meeting some of the most severe social needs with respect to the displaced, housing, health and education; reducing regional imbalances that have deteriorated as a result of the war; and stimulating various productive sectors in order to overcome the destruction they have experienced.

15. To this point, the priority rehabilitation programme is comprised of several physical investment, service and infrastructure projects, each of which has a number of subcomponents; the total amount of financing required for five years is $4.5 billion, of which $3 billion is to be spent in the first three years. Successful implementation of such a programme necessitates parallel action on a number of economic and social policy fronts as well as strengthening of the public administration; it also requires enhancement of the management capacity of the key government body managing the process of reconstruction and development: the Council for Development and Reconstruction, created in 1979.

16. Further, while policy reforms and resumption of donor support are both essential to rehabilitation and recovery, it is also important to mobilize greater amounts of expatriate Lebanese capital as they will constitute a very important source of financing for development programmes.

II. EXTERNAL COOPERATION

A. Role of external cooperation

17. Prior to 1975, most of Lebanon's development was financed by national savings and capital transfers. The material and economic damage of 16 years of conflict and current economic reality have changed that. Reconstruction efforts require considerable international financial support and technical cooperation in various forms: grant multilateral/bilateral cooperation; multilateral capital loans; bilateral credits and commercial loans.

18. Mobilizing resources for investment is one of the greatest challenges facing Lebanon today. Mechanisms have been developed for mobilizing assistance, for instance, the 1989 Taef Accord provided for the creation of an International Fund for the Assistance of Lebanon (IFAL) for rehabilitation and reconstruction purposes. However, both national and regional developments, such as the Gulf crisis in the case of the IFAL, have inhibited success. Consequently, actual flows of external aid have been far smaller than the amounts pledged and have forced the Government to suspend work on a number of major projects.

19. The major donors in Lebanon, and the amounts of assistance committed by the end of 1991 include: the Arab Fund for Economic and Social Development (AFESD) ($75 million for reconstruction of power sector); the European Community ($200 million for general reconstruction activities, technical cooperation and damage assessment support); France ($37 million for power sector reconstruction and education); Germany ($11 million); Italy ($155 million for power and telecommunications); and United States ($30 million for 1992). The Kuwait Fund, the Islamic Development Bank and the Abu Dhabi Fund will also be providing assistance; the exact amount and for which sectors is still to be determined.

20. The World Bank is planning to reactivate its lending activities in Lebanon with a $150 million emergency recovery programme in water supply and waste water, solid waste, housing, education and health while the International Monetary Fund (IMF) is negotiating a programme of financial assistance. The International Fund for Agricultural Development (IFAD) is also providing financial and technical assistance to dairy farming (total $22 million). In addition to the United Nations Development Programme (UNDP), United Nations organizations active throughout the conflict include the United Nations Children's Fund (UNICEF), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the World Food Programme (WFP) and the World Health Organization (WHO). They are currently reactivating their technical cooperation programmes in support of reconstruction and development, as are the International Labour Organisation (ILO), the International Civil Aviation Organization (ICAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the United Nations Industrial Development Organization (UNIDO).

B. Aid coordination arrangements

21. The Government's ability to ensure coherence and complementarity between donor interventions will be crucial for the attainment of Lebanon's rehabilitation and development objectives. UNDP assistance will be required to strengthen the capacity of the Council for Development and Reconstruction (UNDP's main counterpart) to plan, manage, monitor and coordinate technical cooperation.

22. In terms of external donors, a World Bank Consultative Group mechanism is being established in close collaboration with the United Nations as represented by the United Nations Assistance for the Reconstruction and Development of Lebanon (UNARDOL) and UNDP. An initial Donors' Meeting was held in December 1991 to review the Government's priority rehabilitation programme, a preliminary World Bank/UNDP-financed economic assessment and the results of the UNDP-led United Nations needs assessment mission of July 1991. Donor pledges totalling $700 million in assistance to Lebanon were reconfirmed at this meeting.

23. With regard to coordination in Lebanon, specialized agencies of the United Nations system meet on a monthly basis. As a part of that process, a special coordination effort has been made by UNDP to convene regular meetings of all donors accredited to Lebanon. A number of working groups have been established under the leadership of UNDP/UNARDOL on various substantive issues - education, health, and social rehabilitation - and are attended by resident donor missions and other United Nations organizations present in Lebanon, including FAO, UNESCO, UNICEF, UNRWA, WFP and WHO. In 1992, UNDP also resumed publication of the Development Cooperation Report to further facilitate coordination.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

24. The preparation of a country programme covering the fourth programming cycle (1987-1991) was suspended because of the prevailing civil conflict in Lebanon; technical cooperation has since been carried out on a project-by-project basis in conformity with Governing Council decision 88/31 of 1 July 1988. This ad hoc approach amounted to a virtual freeze in project activities for the years 1988-1990, with the exception of a small number of agricultural projects. Since the improvement in the security situation in 1991 there has been an increase in assistance delivered.

25. As a result of the constraints in programming and the lack of government counterpart capacity, programme delivery suffered: a total of $2.59 million was delivered between 1987 and 1991. Project delivery was affected by the general state of insecurity, the ban on travel to Lebanon for foreign expertise as well as the frequent absenteeism of national counterparts. In addition, programme performance was affected by a number of other factors

including: (a) erratic supply and unavailability of basic services for project operations; (b) difficulties in internal transport and communications; and (c) destruction of project equipment and counterpart facilities.

26. Overall impact and sustainability of assistance provided was greatly affected by these factors as well as by the lack of even minimal national recurrent budgets and the prevailing political situation which paralysed decision-making within the civil administration.

B. Proposals for UNDP cooperation

1. Preparatory process

27. The third country programme has evolved out of a series of policy consultations between the Government, UNDP, several United Nations specialized agencies, multilateral donors such as the World Bank and the European Community and bilateral donors.

28. A number of programming exercises have contributed to the development of the country programme, the most important of these being the comprehensive assessment of technical cooperation needs undertaken in July 1991 by a United Nations inter-agency needs assessment mission (for the final report see document A/46/557/Add.2). Led by UNDP, and composed of representatives from 17 United Nations specialized agencies and bodies, the needs assessment mission determined in mid-1991 that technical cooperation needs for Lebanon totalled $232.2 million, with $120.3 million required for the immediate term and $111.9 million for the medium term in the following five programme areas: (a) emergency assistance; (b) rehabilitation of infrastructure and services; (c) social and human development; (d) planning and civil administration reform; and (e) economic revitalization. The findings of the needs assessment mission have served as an overall framework for the third country programme as well as for programmes developed by other specialized agencies of the United Nations system. A series of programming missions fielded during 1992 in such areas as agricultural and rural development, educational management, rehabilitation of national statistics and the displaced further defined the approach to be followed.

29. Discussions held between the Government and UNDP on the strategy of the UNDP advisory note were extremely beneficial in developing the country programme outlined below. Presented in July 1992, the note outlined areas of priority where UNDP technical cooperation could have the greatest impact on national development objectives.

2. Strategy for UNDP cooperation

30. Careful analysis of national development needs and their relationship to the UNDP technical cooperation mandate, activities of other partners, together with the impetus provided by General Assembly resolution 44/211 of

22 December 1989, and recent Governing Council decisions, have guided the Government's approach as to where UNDP cooperation should be focused.

31. The strategy for the third country programme is derived from UNDP's comparative advantages in Lebanon. The political and sectoral neutrality of UNDP and its multisectoral scope make it an important source for advice on policy issues ranging from programmes of assistance for the displaced and drug control to issues such as administrative and civil service reform. Thanks to its flexibility, UNDP is able to programme catalytic activities and both to assist in the preparation of detailed national strategies and to provide immediate technical cooperation for pressing national priorities. Finally, UNDP has reinforced its partnership role through its continued involvement during the civil conflict.

32. While rehabilitation of Lebanon's decimated infrastructure - telecommunications, electricity, and water supply - are unquestionably top priorities and keys to fostering economic recovery and reconstruction activity mainly through the private sector, it is clear that there is also a need to rehabilitate national capacities and to meet the human needs of the Lebanese themselves in addition to the income-generating infrastructure. Consequently, the third country programme will be centred on the theme of national capacity-building for human development: (a) institutional capacity for the effective delivery of government and public services; (b) public sector capacity to absorb the tremendous amount of assistance/investment required to rebuild the country; and (c) local capacity required to address problems of the displaced and the most vulnerable and marginalized groups.

33. The third country programme is designed to address issues beyond the financial resources of the UNDP country allocation. In addition to identifying areas for complementarity and collaboration with other international organizations, the programme is intended as an instrument to mobilize assistance from various other sources, including global funds, bilateral donors, non-governmental organizations (NGOs) and private foundations.

3. Proposed UNDP cooperation in selected areas of concentration

34. While it is proposed that building national capacity for human development be the central theme of the country programme, the Government would like UNDP to concentrate its resources on the following three areas:

(a) Reactivation of the public sector through support to economic management and public administration reform;

(b) Social reconstruction; and

(c) Economic revitalization through balanced development.

35. Although Lebanon has embarked on an ambitious programme of infrastructural rehabilitation, there are areas of pressing need (the displaced and fiscal reform) and prerequisites for successful reconstruction (rehabilitation of national statistics, and administrative and civil service reform) that cannot await the recovery phase before being addressed. The areas of concentration selected maximize the functional comparative advantages of UNDP support to Lebanon. Since rehabilitation plans are not fully developed in a number of areas - education, agriculture and the displaced - a portion of UNDP cooperation will be policy-oriented and will support the development of national strategies. This will be complemented by the development of policy-making capacity in areas such as administrative reform and managerial capacity for the sustainable implementation of the reconstruction and individual sector programmes.

36. In terms of other global priority concerns of UNDP for the fifth programming cycle, two key multisectoral themes (management development and poverty alleviation and grass-roots participation) permeate all three areas of concentration identified for the third country programme. Other global concerns such as transfer of technology, environment and women in development will be mainstreamed into each area of concentration.

(a) Reactivation of the public sector through support to economic management and public administration reform

National development objectives

37. The Government is aware that national development objectives can be achieved only through rational economic and social planning. However, several constraints must be addressed in order to realize these national objectives. Specifically, as a result of loss of morale and commitment after 16 years of decline, the public sector is beset by serious capacity constraints in policy formulation, management and implementation; the public administration has suffered a heavy loss of trained capable people and has difficulty in attracting, and retaining, capable civil servants. The public administration structure lacks a clear division of responsibilities while certain key functions, such as the existence of a national statistical database required for planning, are missing. The gap between public revenues and expenditures presents a major challenge that must be resolved. While the percentage of total revenues of the central administration to total expenditure rose from 7.8 per cent in 1988 to 43.7 per cent in 1991, further action, such as strengthening of budgetary controls, is required. Consequently, priority is to be given to building up national capacities in the following areas: (a) technical cooperation management; (b) economic and fiscal management; (c) administrative reform; and (d) rehabilitation of national statistics.

Proposed UNDP cooperation

38. Support to technical cooperation management. In order to help Lebanon deliver essential public services and support the management of the overall recovery and development programme, the Government requests UNDP interventions

under the third country programme in several strategic areas. UNDP is expected to provide technical cooperation to the Council for Reconstruction and Development to help build the technical cooperation management capacity required for the implementation of the recovery programme. In this regard, UNDP technical cooperation is needed to support the Council's capacity in all areas of technical cooperation management, including the preparation of an institutional rehabilitation programme; the establishment of a programme-monitoring database on free-standing technical cooperation projects; and the development of technical cooperation management policies.

39. Given the magnitude of technical cooperation required for the rehabilitation/recovery effort, the wide dispersion of technical cooperation needs in several ministries and the absence of specific mechanisms for channelling technical cooperation, there appears to be merit in the establishment of a United Nations technical cooperation facility that would be fully integrated with technical cooperation management structures. In addition to serving as a vehicle for resource mobilization and enhancing aid coordination, the establishment of such a financing mechanism would help ensure that other priority areas for technical cooperation are addressed through various modalities: third-party cost-sharing; government cost-sharing; and management services agreements.

40. Support to fiscal and economic management. UNDP is expected to provide support to building national capacity in economic management in order to reduce the fiscal deficit while increasing the provision of public services. Specifically, such a capacity-building programme might comprise support to the Ministry of Finance for institutional and structural changes, as part of the larger civil service reform programme, and the provision of advisory services for development finance. UNDP technical cooperation will be coordinated with assistance from other donors in support of key immediate needs of economic management such as the computerization of central registration and collection systems, assistance to the Department of Customs and capacity-building support to the management procedures and technical capabilities of the Banque du Liban.

41. Civil service and administrative reform. It is clear that the recovery and future development of Lebanon depends to a certain extent on the re-establishment of capacity within the public sector. Institutional rehabilitation and development of the public sector is required to build the capacity within the national civil administration to plan, guide, implement and monitor the reconstruction process. Ideally, this will be done within the framework of a comprehensive national administrative reform programme, the major elements of which have been one of the main objectives of government policy and include the introduction of adequate compensation packages; the recruitment of skilled staff; the dismissal or retraining of unqualified staff; and the improvement of management information systems in a number of key ministries and agencies.

42. UNDP technical cooperation is to be directed towards developing such a programme as well as an overall framework for public administration reform.

As a preparatory step, it is proposed that UNDP provide technical cooperation through the Management Development Programme (MDP) and indicative planning figure (IPF) resources to conduct a six-month survey of the Civil Service and Public Administration, to develop a framework and strategy for reform, determine national priority areas and institutional responsibilities.

43. Parallel to the development of a national programme framework, immediate technical cooperation in the form of training is required to upgrade public sector capacity. Specifically, there is a need to develop an integrated training programme for various ministries and officials in: administrative reform strategies and methodologies; evaluating and improving public service delivery; public personnel policies and procedures; civil service training strategies; improving office management procedures in the public sector and motivation strategies for the public sector. Such a training programme might also include management skills training provided through the MDP.

44. Rehabilitation of national statistics. At present there are virtually no current national statistics on Lebanon; all documentation and equipment at the Central Statistical Administration were destroyed during the war. Given the critical role reliable statistics play in recovery and development planning, the rehabilitation of national statistics comprises a top priority for technical cooperation. UNDP support will be required for the rehabilitation of the Central Statistical Administration itself through a comprehensive, phased programme of capacity-building and for the immediate implementation of specific vital surveys for recovery planning.

Expected impact

45. UNDP support to public administration reform and economic management is expected to result in the development and implementation of a national programme of administrative reform and the strengthening and rehabilitation of central key institutions required for the successful achievement of Lebanon's ambitious rehabilitation, recovery and development programmes; a strengthened Council for Development and Reconstruction, with the capacities to formulate, manage and coordinate national programmes and all forms of technical cooperation; a fully operational and well-coordinated central and sectoral statistical capability required for overall economic recovery and development planning and programming; enhanced technical capabilities of major agencies of economic management - the Council for Development and Recovery; the Ministry of Finance; the Central Bank - thereby ensuring the development and implementation of sound economic, monetary and fiscal policies upon which reconstruction and development will be based.

Complementary assistance

46. A number of complementary assistance activities in the area of support to national management and implementation capacities are either ongoing or planned. Specifically, the European Community plans to finance a Programme Management Unit at the Council for Development and Reconstruction and sectoral implementation units in some key ministries directly related to the national

priority rehabilitation programme. These units will be fully integrated with technical cooperation management structures supported through UNDP. An ongoing joint collaborative programme between the American University of Beirut and the Economic Development Institute of the World Bank provides direct short-term training to government officials in key areas of administration. This programme may also provide the appropriate framework for the provision of UNDP support to immediate training needs in public administration. AFESD has also shown an interest in supporting such a training programme.

47. IMF, with support from UNDP and the World Bank, is assisting the Government in the development of an overall macroeconomic framework essential for Lebanon's recovery. The European Community may also provide support to strengthening economic management by assisting computerization of the Ministry of Finance's central registration and collection systems, upgrading of the Central Bank as well as supporting key revenue-generating institutions such as the Customs Department. In statistics, UNFPA is providing cost sharing for a housing survey with the American University of Beirut that will develop a housing framework and sample survey greatly needed for national planning purposes. It is anticipated that UNDP and United Nations Population Fund (UNFPA) resources will be combined in the medium phase of the more comprehensive statistics rehabilitation programme.

(b) Social reconstruction

National development objectives

48. In the process of recovery and development, attention must be given to building national capacity in areas of social policy such as education, health and job creation. Those displaced from their homes number up to 750,000; restoring life to those affected requires sustained rehabilitation programmes aimed at reviving community life and focusing on the provision of adequate housing, basic communal services and the creation of employment opportunities. While the well-developed private sector networks and the extraordinary efforts of NGOs provided effective emergency and humanitarian assistance in the social sectors during the war years, they could not maintain a social development programme. Further, although the education system continued to function during the war, it suffered from the lack of a well-defined national policy.

49. To improve the quality of education within the public sector schools, emphasis will be placed on education management and planning, upgrading teaching skills, improving the technical and vocational level of education and training, rehabilitating damaged public schools and constructing new schools. With regard to the displaced, national development objectives include establishing a national council for the displaced and providing a policy framework for their repatriation, including endorsing a series of legal measures for settling problems resulting from displacement. Issues such as the displaced as well as other public policy issues need to be better understood by the public in order to facilitate national reconciliation after the war.

Proposed UNDP cooperation

50. Educational management. The Government has requested UNDP to support the development of an educational management plan, including an appropriate policy framework and a national education programme. Within this overall programme framework, UNDP will support the most pressing technical cooperation priorities, including the establishment of systems for the in-service training of teachers and managers and the provision of capacity-building support to educational components of the Government recovery programme, as appropriate. UNDP cooperation is to be used to enhance employment creation through increased technical and vocational training as well as the development of a labour market information and planning system.

51. Assistance to the displaced. The Government has requested UNDP to assist its efforts to resolve the issue of the internally displaced. UNDP is to be a catalyst, providing upstream assistance to help develop the overall national policy framework as well as provide assistance for the design, preparation and implementation of integrated development programmes for the displaced, covering the rehabilitation and expansion of basic education and health services; the establishment of affordable, but sustainable, basic social service systems; and the development of policy alternatives for the complex set of problems related to illegal occupation, inadequate housing and sanitation, unemployment and poverty.

52. Post-conflict peace-building. For years there has been an almost complete societal breakdown in Lebanon; mechanisms must be found that will integrate Lebanese more fully into the rebuilding of their nation. One possible way to approach this issue is by holding a series of national forums, where individual Lebanese citizens, both in Lebanon and abroad, can debate various issues of public policy, thereby working productively towards a consensus position for the public good. UNDP is regarded as well placed to convene and finance such forums in support of reconstruction and national reconciliation.

Expected impact

53. In summary, UNDP intervention in social reconstruction should result in the development, and implementation, of a comprehensive, integrated national programme for the displaced, resulting in significantly lower numbers of people displaced; a decreased percentage of those living below the poverty line and an increased percentage of the population with access to health services; the development and implementation of a national educational recovery programme, resulting in enhanced human development indicators, including greater national coverage of basic education, increased primary and secondary enrolment ratios, reduction in the unemployment rate through increased levels of vocational and technical training and better match of labour supply and demand. UNDP sponsoring of the proposed forums on public policy issues should result in a better understanding of those issues as well as the establishment of a transparent mechanism to facilitate national consensus-building.

Complementary assistance

54. UNDP assistance to the displaced will be fully integrated with the work of other United Nations bodies, particularly the Joint Consultative Group on Policy (JCGP) partners such as WFP and UNICEF. Specifically, WFP is working to support reconstruction and repatriation efforts, the rehabilitation of agricultural land, the promotion of agricultural cooperatives and the enhancement of community development activities through a framework of food assistance programmes covering various target groups, including the most vulnerable. UNICEF will participate in water supply and sanitation, the development of education curricula and materials and in contributing to the establishment of a comprehensive system of primary health care through its three-year planned programmes for the period 1992-1996. It is also expected that other United Nations specialized agencies and bilateral donors will be involved.

(c) Economic revitalization through balanced development

National development objectives

55. Economic and social benefits from the country's reconstruction and development must be distributed in a more equitable manner than was the case before the war. Consequently, a major national development objective is balanced development; that is, equitable growth between regions and also between urban and rural areas, where the majority of Lebanon's poorest citizens live. While initial reconstruction efforts may by necessity be on urban renewal projects, the strategy of balanced growth is a key to creating the social stability necessary for successful national recovery and development. In addition to addressing the housing, education, health and potable water supply concerns of the rural populations in war-devastated communities, priority must also be given to the reconstruction and sustainable development of outlying rural areas; this will involve comprehensive, integrated action, including the development of infrastructure and public services, increased agricultural production, the diversification of income-generating activities, the strengthening of local government and, in general, facilitating the active participation of the local population.

Proposed UNDP cooperation

56. Support to development of an integrated rural development/agricultural strategy and action programme. UNDP technical cooperation is being provided in support of Government efforts to formulate a policy framework and strategy for agricultural and rural development and in identifying a comprehensive action programme, components of which will provide the agricultural and rural development core of the national rehabilitation and reconstruction programme. Support will be required for specific components of the longer-term programme focusing on the upgrading and strengthening of the technological base of agriculture and the upstream activities linking farm enterprises. Rural development and entrepreneurship will receive special emphasis in the immediate and medium terms. Efforts to provide support to poorer areas and

disadvantaged groups in outlying areas will be made through a programme of promotion and entrepreneurship focusing specifically on small-scale service enterprises, agro-industries and local tourism; the programme will also support marketing facilities in rural areas.

57. Within the context of targeting support to the poorer areas of Lebanon, it is also proposed that UNDP assist the Government in replicating in the south the olive culture production successfully developed in the northern Aley/Chouf region. Further, as natural resource management is of critical importance in ensuring viable and sustainable agricultural and rural development, it is proposed that, as an initial step within the overall action programme, technical cooperation support be provided for the establishment of networks to monitor the utilization of natural resources.

58. Support to programmes for drug control. Within the context of balanced development between regions, the Government is giving high priority to providing assistance to underprivileged regions such as the Bekka Valley, where harsh socio-economic conditions have resulted in such undesirable activities as illicit crop cultivation and drug trafficking. In close coordination with the United Nations International Drug Control Programme (UNDCP), UNDP intervention is needed to address the root causes of the problem and eliminate these activities that are the direct outcome of, amongst other things, extreme poverty and neglect. Consequently, the Government has requested UNDP cooperation to formulate and implement, together with UNDCP, an integrated, phased-area development programme for the North Bekaa, specifically the Baalbeck-Hermel area, for the gradual elimination of illicit crop farming.

Expected impact

59. UNDP technical cooperation in this area should help lead to the development of a national policy framework and programme for agricultural and rural development; increased food and agricultural production resulting in higher rural incomes and better living conditions; a decrease in rural-urban disparities and a decrease in the percentage of rural people living below the poverty line; a decline in illicit crop production; and sustainable management of the country's natural resource base.

Complementary assistance

60. Assistance provided to the south will be implemented in close coordination with the humanitarian assistance programme of the United Nations Interim Force in Lebanon (UNIFIL). Support to environmental management will cut across line ministries and research institutes and draw on the specific expertise of the United Nations - the United Nations Environment Programme (UNEP), UNESCO, FAO and the World Meteorological Organization (WMO) - as well as other environmental programmes, specifically the Mediterranean Environmental Technical Assistance Programme (METAP), jointly financed by UNDP, the World Bank, EEC and the European Investment Bank.

C. Cooperation outside the main country programme areas

61. As indicated, a number of activities approved in 1991 - rehabilitation of civil aviation facilities, telecommunications, and food hygiene control - will continue through the early part of the cycle. An unprogrammed reserve of approximately 10 per cent of total IPF resources is being established to respond to other technical cooperation needs which fall outside the three areas of concentration of the third country programme. A portion of this reserve will be used to finance a mechanism to meet high priority, short-term consultancy and cross-sectoral training needs. Consideration may also be given to financing a small technical cooperation component for the preservation of the cultural heritage of Lebanon.

D. Implementation and management arrangements

62. An underlying theme in the areas of concentration selected by UNDP is the facilitation of a more focused, impact-oriented, programmatic approach to the technical cooperation challenges facing Lebanon. In the absence of such national programmes and sectoral plans, the Government has requested UNDP cooperation to move towards a programme approach by providing support to the development of national strategies in several priority areas - administrative reform; the displaced; educational management; national statistics; and sustainable agricultural development - from which national programmes will be derived. In addition, UNDP support will further enhance this process by financing specific key components of programmes as they develop. It is through the development of well-articulated national programmes that UNDP can support the Government's resource mobilization efforts and help ensure close coordination between bilateral and multilateral sources of technical cooperation.

63. It is expected that relevant United Nations specialized agencies will programme respective resources under each programme as they are developed. The third country programme itself will serve as an instrument with which the Government can strengthen its coordination both within the United Nations system as well as with bilateral and multilateral donors.

64. As regards programme and project execution, national execution is certainly in line with the Government's objective of self-reliance; it will be approached in a gradual and measured manner parallel to the gradual reactivation of national capacities. United Nations specialized agencies will continue to play a key role in their respective areas of expertise by assisting in strategy formulation, participating in programme assessment and evaluation and implementing specific technical cooperation projects and programme components, as appropriate.

65. In project implementation, UNDP support will maximize the advantages of national capacities wherever they exist, including forging cooperative programming relationships with national universities, private sector associations and NGOs and their coordination mechanisms.

66. In developing and implementing programmes in social reconstruction, UNDP will depend heavily on the use of NGOs. Extremely active throughout the war, Lebanese NGOs were frequently on the front lines and as a result of their flexibility and understanding of local conditions often substituted for national bodies in implementing relief and social programmes. UNDP will further enhance their capacity to play a key humanitarian and developmental role in the process of reconstruction by using NGOS for specific project execution and by supporting a programme of institutional development that will enhance their operating capacities while promoting closer cooperation.

67. In order to enhance the quality, relevance and effectiveness of technical cooperation, the use of specific mechanisms such as the Transfer of Knowledge through Expatriate Nationals (TOKTEN) and the United Nations International Short-Term Advisory Resources (UNISTAR) will be maximized. The TOKTEN programme appears to be particularly relevant as the thousands of highly skilled, national expatriate professionals that left the country during the war years match well with the country's predominant need for highly talented expertise.

68. Attempts will be made to derive greater benefit from UNDP regional activities and programmes, particularly the various networks that have been established for the environment such as METAP and the Centre for Environment and Development for the Arab Region and Europe (CEDARE) as well as those networks established for trade.

69. A mid-term review of the programme is scheduled for the beginning of 1995. Every effort will be made to maintain this timing, as well as to conduct annual programme reviews as appropriate, so that adjustments can be made to the programme in response to changing or emerging national priorities.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

	($ thousands)	
Carry-over from fourth cycle IPF	11 304	
Fifth cycle	7 706	
Subtotal IPF		19 010
Project cost-sharing (Government)	2 000	
Project cost-sharing (Third party)	3 000	
Subtotal cost-sharing		5 000
TOTAL		24 010

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	Thousands of dollars IPF	Cost-sharing	Total	Percentage of total resources
Economic management and public administration reform	10 000		10 000	41.7
Social reconstruction	3 609	3 000	6 609	27.5
Economic revitalization through balanced development	3 000	2 000	5 000	20.8
Subtotal	16 609	5 000	21 609	90.0
Unprogrammed reserve	2 401		2 401	10.0
TOTAL	19 010	5 000	24 010	100.0

III. COMPLEMENTARY ASSISTANCE FROM OTHER RESOURCES USED IN AREAS OF CONCENTRATION a/

		($ thousands)
A. UNDP-administered funds		
SPR b/	500	
Management Development Programme	750	
UNIFEM	30	
Subtotal		1 280
B. Other United Nations resources		
JCGP participating agencies		
UNFPA	1 078	
UNICEF	1 000	
WFP	13 198	
Other United Nations agencies (non-UNDP financed)		
IFAD	10 000	
World Bank	5 000	
UNDCP	4 000	
Total non-core and other United Nations resources		34 276
C. Non-United Nations resources		
Kuwait Fund c/	7 000	
OPEC	5 000	
Subtotal		12 000
TOTAL		47 556

---

a/ This table includes only assistance that will be directly complementary to UNDP interventions in the selected areas of concentration.

b/ This category includes only SPR-financed, country-specific commitments.

c/ Both Kuwait Fund and OPEC amounts listed are co-financing contributions to a large-scale IFAD project in Lebanon.

Annex II

PROGRAMME MATRIX

	POVERTY ERADICATION AND GRASS-ROOTS PARTICIPATION IN DEVELOPMENT	MANAGEMENT DEVELOPMENT	ENVIRONMENT	TRANSFER OF TECHNOLOGY	WOMEN IN DEVELOPMENT	TCDC
ECONOMIC MANAGEMENT AND PUBLIC ADMINISTRATION REFORM						
Support to technical cooperation management	*	***	*	**	**	**
Support to fiscal and economic management	**	***	*	***	**	**
Civil service and administrative reform	*	***	*	**	***	***
Rehabilitation of national statistics	**	***	*	**	*	**
SOCIAL RECONSTRUCTION						
Educational management	*	***	*	**	***	*
Assistance to the displaced	***	**	***	*	*	*
Post-conflict peace-building	***	**	*	*	**	**
BALANCED SUSTAINABLE DEVELOPMENT						
Support to development of an integrated rural development/agricultural strategy and action programme	***	**	***	**	***	**
Support to programmes for drug control	***	**	***	***	**	**

Note: Intensity of the relation: *** strong ** medium * low.